GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:508
ANSWERED ON:28.02.2008
APPLICATIONS FOR REGIONAL AIRLINES
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Will the Minister of CIVIL AVIATION be pleased to state:

(a)the criteria laid down for the operation of new regional airlines;

(b)whether a large number of regional airlines have come into operation during the last year;

(c)if so,the details thereof;

(d) whether large number of applications for new regional airlines are pending for consideration and introduction;

(e) if so,the details there of and the time by when the new regional airlines are likely to be put into operation particularly in southern sectors in the country;

(f) whether NRIs also get licenses for operation of regional airlines;and (g) if so, the details thereof?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a) :- Directorate General of Civil Aviation (DGCA) has issued Civil Aviation Requirements for scheduled regionalair transport service. The concept of regional airline has been introduced with a view to promote air connectivity within a region, expand air travel services for Tier II and Tier III cities and between specific regions. There are four regions identified as North, South, West, East/ North-East coinciding with the Flight Information Regions (FIRs) as defined by the Airports Authority of India (AAI) . The regional airlines are not permitted to operate on cateogry I routes. However, the regional airlines of the southern region which has 3 metros would be allowed to operate between the metros within the southern region namely Bangalore, Chennai and Hyderabad. The airline can operate with minimum of 3 aircrafts and the equity requirements are as under :-

(i) Airlines operating with aircraft with take off mass equal to or exceeding 40,000 kg.

(a) upto 3 aircraft − Rs 30 crores

(b) for each additional aircraft, additional equity investment of Rs. 10 crores will be required, subject to a maximum of Rs. 50 crores after which no further equity enhancement is required.

(ii) Airlines operating with aircraft with take off mass not exceeding 40,000 kg.
(a) upto 3 aircraft − Rs. 12 crores

(b) for each additional aircraft paid up capital of Rs. 4 crores will be required subject to a maximum of Rs. 20 crores after which no further equity enhancement is required. There may be no need for further enhancement of equity if the paid up equity/ reserves of Rs. 50 crores is available with the airline. It is however, up to the airlines to provide air services to specific places depending upon the traffic demand and commercial viability.

(b)and (C):- Four companies namely M/s. Star Aviation for Southern Region, M/s. MDLR Airlnies and M/s. Jagson Airlines for Northern Region, and M/s. ZAV Airways for North/Eastern Region have been granted inital NOC to operate Scheduled Air Transport (Regional) Services.

(d)and (e):- Four applications for new regional airlines are under process. Operationalisation of regional airlines will depend upon applicants fulfilling the laid down requirements, their operational preparedness and commercial planning.

(f) and (g):- Yes, Sir. NRI are eligible to invest upto 100% in regional airlines.